

EXECUTIVE OFFICE OF THE PRESIDENT

MAY 12 1970

BUREAU OF THE BUDGET
WASHINGTON, D.C. 20503

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 515 - National School
Lunch Act and Child Nutrition Act amendments
Sponsor - Rep. Perkins (D) Kentucky

Last Day for Action

May 16, 1970 - Saturday

Purpose

Requires that children from low income families be served free or reduced cost meals at school, establishes national eligibility standards for free or reduced cost meals, authorizes advance appropriations, requires States to contribute a fixed percentage of program costs from their tax revenues, and makes other amendments to the National School Lunch and Child Nutrition Acts.

Agency Recommendations

Bureau of the Budget	Approval
Department of Agriculture	Approval (signing statement attached)
Department of Health, Education and Welfare	Approval (informally)
Office of Economic Opportunity	Approval (informally)

Discussion

Under these Acts, the Secretary of Agriculture is now authorized to reimburse the States for the cost of food served to children in public and non-profit private schools. The reimbursement rate depends on the amount of Federal funds available but may not exceed the cost of food or a funding ratio of 3 to 1, State-Federal. Schools in low-income areas serving children meals at free or reduced cost receive an additional Federal payment. Federal assistance is also provided to States to pay a portion of the cost of school food service equipment,

state administrative expenses, and food services provided in non-school, non-residential child care institutions.

This bill would make the following significant changes in these programs:

1. National eligibility standards--The bill provides for the establishment of national standards for free or reduced cost lunch eligibility. At present, local school authorities determine on the basis of State or local standards which children shall be eligible. The bill would require this determination to be made "in accordance with a publicly announced policy and plan applied equitably on the basis of criteria which, as a minimum, shall include the level of family income including welfare grants, the number in the family unit, and the number of children in the family unit attending school." The income poverty guidelines are to be prescribed by the Secretary of Agriculture each July 1. The conference report makes clear that the House expects the guidelines to be the same as those established by HEW and OEO for their programs.

The bill goes on to require that, by January 1, 1971, any child coming from a family whose income is below poverty level guidelines shall be served free or reduced cost lunches. The bill does not make clear what level of Government has the ultimate responsibility for ensuring that this requirement is met.

The conference report also states that, while the poverty guidelines are the only mandatory national standard, children from families meeting other criteria shall also be eligible for free or reduced cost lunches. Finally, that report states: " . . . it is also the intent that free lunches be provided for the poorest of the poor and under no circumstances shall those unable to pay be charged for their lunches."

2. State matching requirements--It would increase the amount of non-federal funds in the school lunch program that must be derived from State tax revenues. Present law requires that non-federal dollars match federal dollars on a 3-to-1 basis; however, a large portion of the former is derived from what the children pay for their lunches. Under the bill, States would be required to devote State revenues to the program sufficient to constitute at least 4% of the non-federal share in FY 1972, increasing to 10% by 1978 and thereafter.

3. Non-food assistance--It would authorize the appropriation of not to exceed \$38 million for fiscal 1971, \$33 million for 1972, \$15 million for 1973, and \$10 million for each succeeding fiscal year for non-food assistance under the Child Nutrition Act. Your 1971 budget includes \$12.5 million for this purpose, contingent upon the enactment of this authorizing legislation. Under this program, the Secretary makes grants to schools in poor areas for equipment for the storage, preparation, transportation, and service of food to enable such schools to participate in the school lunch and breakfast programs. The bill would also revise the formula under which these funds are apportioned to the States so as to give greater weight to children from low-income families.

4. School breakfast program--It would authorize the appropriation of \$25 million annually for the school breakfast program. Your 1971 budget includes \$15 million for this purpose.

5. Authorization for advance appropriations--The bill authorizes appropriations to be made a year in advance of the fiscal year in which the funds would be available for disbursement to the States. Under this authority, funds for FY 1972 as well as for 1971 could be appropriated during the present session of Congress. Thereafter, funds would be appropriated on an annual basis but one year in advance of disbursement. This provision would allow for better planning by the States and local school boards by indicating well in advance the amount of federal money which will be available.

6. Transfer of funds--It would authorize the Secretary to issue regulations permitting the transfer of funds by any State between any of the programs authorized under the School Lunch and Child Nutrition Acts on the basis of an approved State plan. This is a desirable step in the direction of blocking up grants for child feeding purposes.

7. Nutritional training and education--It would authorize the Secretary to use a limited amount of funds appropriated for the school lunch and breakfast programs to make grants for nutritional training and education for persons working in the programs.

8. Ceiling on reduced cost lunches--The bill would establish 20 cents as the maximum that may be charged for "reduced cost lunches" served to children who have been determined to be unable to pay the full cost of the lunch. Present law merely requires that such children shall be served "without cost or at a reduced cost."

9. Operating costs--It would authorize the use of Federal funds for operating costs of the school lunch program. Existing law limits federal reimbursement for lunches served to the cost of locally procured food.

10. Use of donated commodities--It would provide that those schools which do not participate in the school lunch program but do receive direct donations of Department of Agriculture food commodities must abide by the statutory requirements regarding free and reduced cost lunches.

11. Child identification and parent affidavit--It prohibits identifying in any overt way children receiving free or reduced cost lunches. The bill also provides that determination with respect to the annual income of any household shall be made solely on the basis of an affidavit executed by an adult member of the household.

12. State plan--By January 1 of each year, it would require each State to submit to the Secretary for approval a plan of child nutrition operations for the following fiscal year. Periodic reports of participants in the free or reduced cost lunch program and of eligibles would also be required.

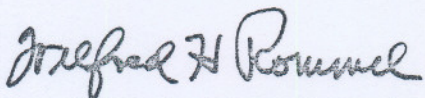
13. National Advisory Council--It would establish a Council on Child Nutrition composed of 13 persons, appointed by the Secretary, who would make a continuing study of the operations of the child feeding programs.

The 1971 budget includes a total of \$682 million for child nutrition programs. It was expected to carry out the Administration's announced policy of providing free or reduced lunches for all needy children by November 1970.

Agriculture estimates that this bill may require additional Federal outlays in 1971 ranging from \$150 to \$265 million. Part of this add-on would result from the Federal Government reimbursing the States for operating costs related to free and reduced cost lunches. Part would result from more children becoming eligible for free or reduced cost lunches because of national eligibility standards--this would increase both Federal and State outlays. In addition to picking up its increased share, the Federal Government may also be under pressure to assume a part of the normal State share.

While the bill may result in a substantial add-on to the 1971 budget, its thrust is basically consistent with the Administration's announced policy in this area.

Agriculture has prepared a proposed signing statement for your consideration. We believe that if a signing statement is issued, it should set forth your opposition to an extension of the special milk program. A bill to extend that program passed the House on May 6, 1969, and was reported to the Senate on May 6, 1970. The bill would make the program permanent and would authorize appropriations of \$125 million (House) or \$120 million (Senate) annually. The 1971 budget proposed the elimination of the program on the basis that the other child nutrition programs, which include milk, were being expanded and were more directly related to poor children. This was part of the package of proposed reductions in outmoded or uneconomic programs and is of special significance for that reason. If the Congress enacts the bill, we believe disapproval would be warranted. Attached is proposed language for a signing statement.



Assistant Director for
Legislative Reference

Enclosures